



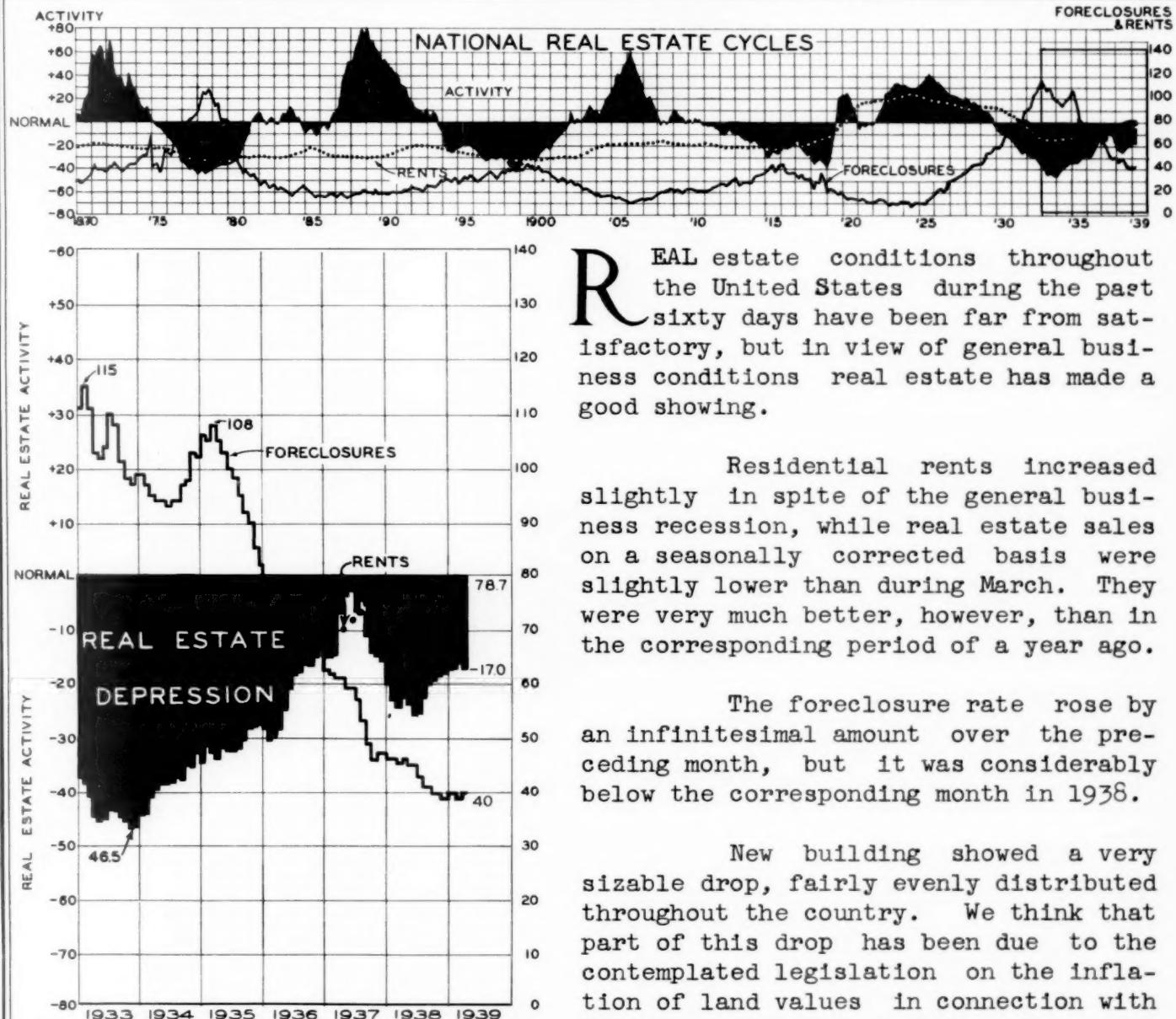
The Real Estate ANALYST

MAY 26
1939

Roy Wenzlick
Editor

VOLUME VIII

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values....Current Studies....Surveys....Forecasts
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The level of residential rents, indicated by the dotted red line, is charted, not as a percentage above or below a normal line, but as an index (1926=100) from the bottom of the chart and is read on the right hand scale, as is the index of the number of foreclosures per month per 100,000 families, shown by the solid red line. The lower chart is the last six years of the upper chart enlarged to show monthly fluctuations.

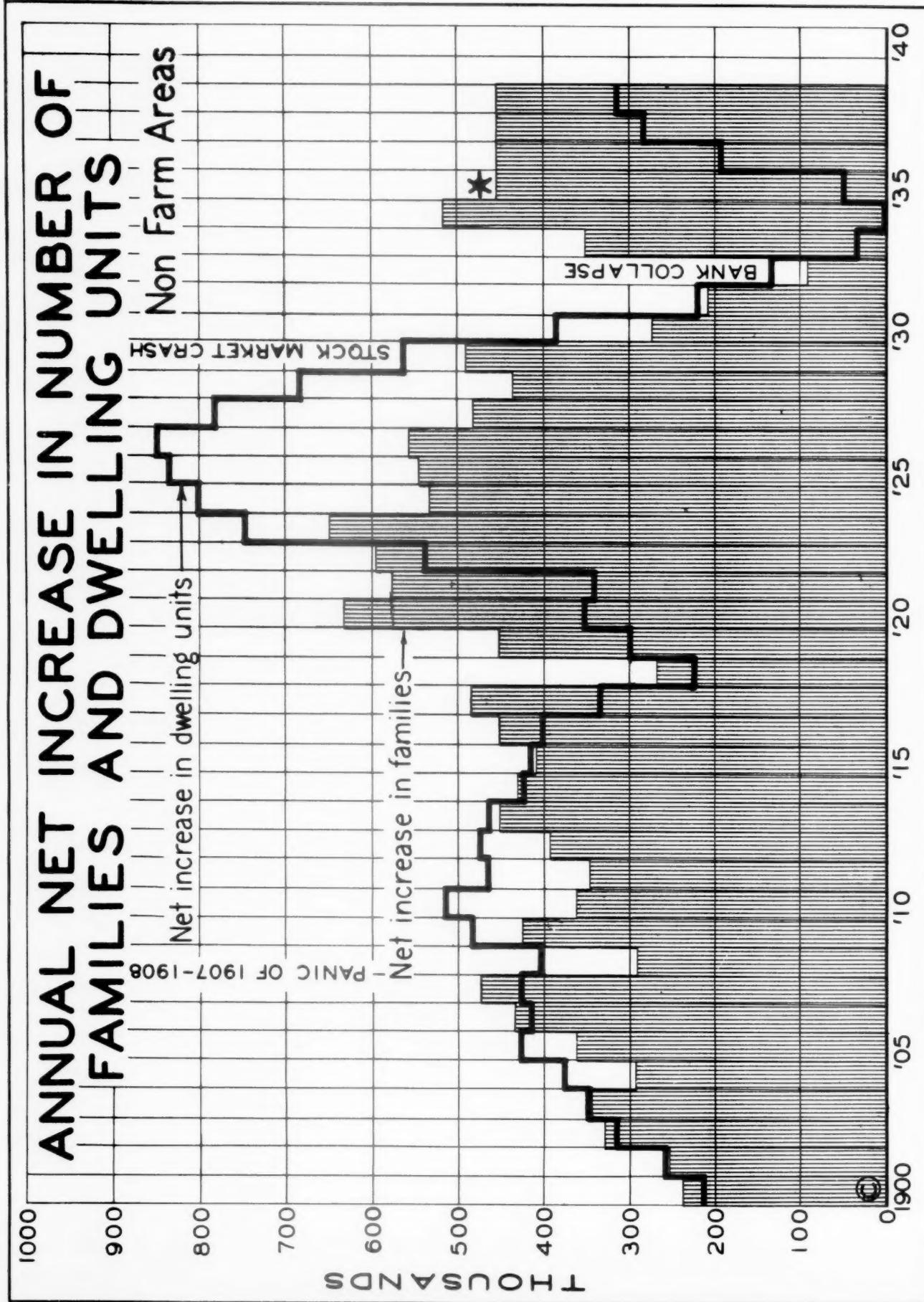
REAL estate conditions throughout the United States during the past sixty days have been far from satisfactory, but in view of general business conditions real estate has made a good showing.

Residential rents increased slightly in spite of the general business recession, while real estate sales on a seasonally corrected basis were slightly lower than during March. They were very much better, however, than in the corresponding period of a year ago.

The foreclosure rate rose by an infinitesimal amount over the preceding month, but it was considerably below the corresponding month in 1938.

New building showed a very sizable drop, fairly evenly distributed throughout the country. We think that part of this drop has been due to the contemplated legislation on the inflation of land values in connection with FHA loans on large projects. Many projects which have not gone forward await the final word on this legislation.

Building costs are remaining constant, and any increase in general business activity should show a considerable spurt in real estate activity.



THE FORECLOSURE RATE IN PRINCIPAL CITIES

THE charts on page 110 to 115 show by the black line the fluctuations in the foreclosure rate in principal cities from 1936 to the present. The red curve shown on the large chart is a composite of all of the cities shown on the smaller charts and is repeated for comparative purposes on each of the smaller charts. In all charts the average for 1937 was called 100.

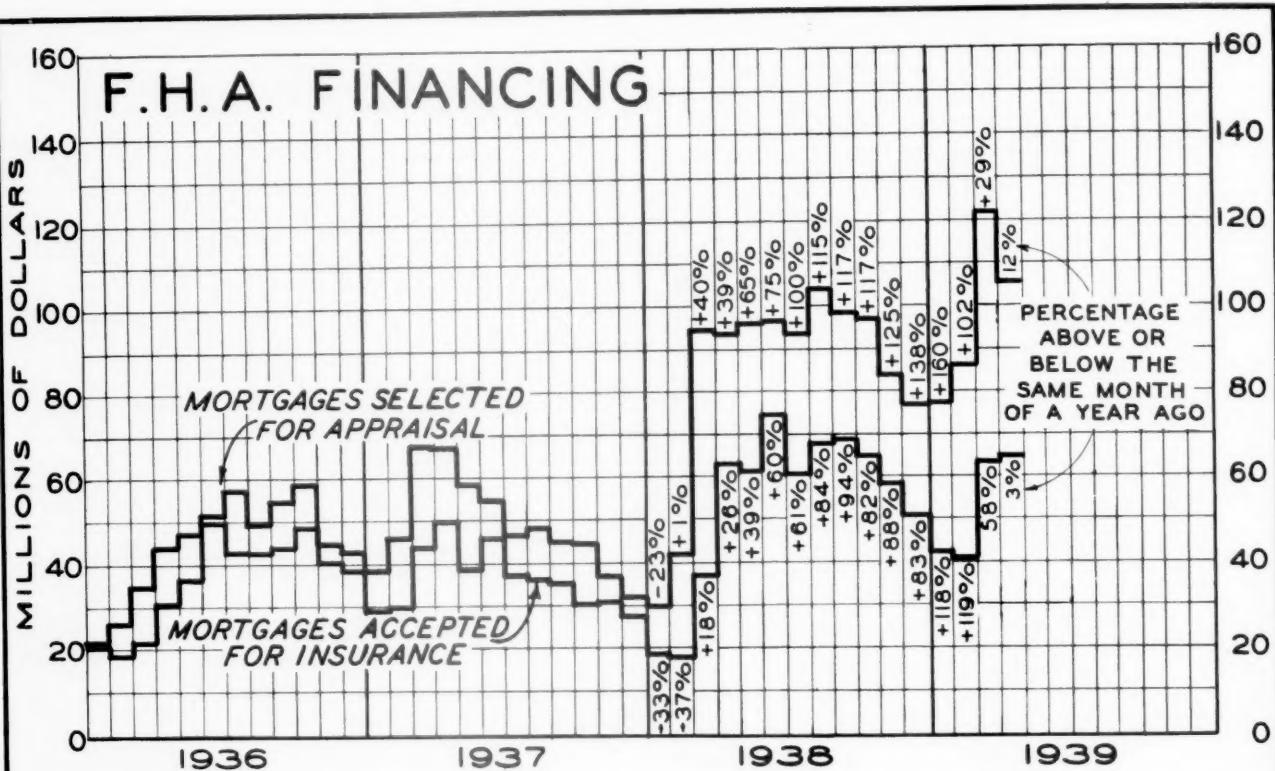
Figures in almost all cases cover the entire county in which the city is located, but never any other county of the metropolitan area unless some other city of 100,000 population is included as a suburb. It will be noticed that the charts for some cities are blank, with the exception of the national composite, and the explanation of local foreclosure conditions. In these cities we have not been able to secure satisfactory figures on which our chart could be based.

It should be kept in mind that foreclosure procedure is not uniform throughout the United States. In some states it is long and costly; in others it is short and inexpensive. In some states moratoriums have been in effect; in some long redemption periods are permitted. It is not possible to secure comparable figures on foreclosures in various cities. In some cities the figures are based on foreclosure actions started; in others on foreclosure actions completed. A city, the figures of which show foreclosures completed would normally show a lag in comparison with cities in which the figures are based on foreclosures started. This lag would depend upon the average length of time involved in the foreclosure procedure in that city.

We have attempted on the face of each chart to give the type of foreclosure figures charted, the average length of time in which title was secured in HOLC foreclosures, the presence of redemption privileges, and the average cost experienced by the HOLC exclusive of their own overhead. We believe that the foreclosure costs shown are in most cases considerably below the private experience due to the fact that the HOLC has its own specialized legal staff whose time is not allocated to individual foreclosures.

It should also be kept in mind that the HOLC loans were on small properties and the foreclosure proceedings were accordingly far simpler and less expensive than they would have been on multi-family buildings or commercial properties, further complicated by corporate ownership.

It will be noticed that the composite of foreclosures in all cities has been dropping steadily over the period of our study. It is now more than 65% below the peak in 1933, and is back at the levels of 1928. We believe it will continue to drop during the next few years at about 25% a year, the rate of drop it has maintained since 1935.



HOW WILL THE SLOWING DOWN OF POPULATION GROWTH AFFECT THE DEMAND FOR HOMES

THE table below was prepared by the Construction and Real Property Section, Division of Economic Research of the Bureau of Foreign and Domestic Commerce. It appeared in the same monograph referred to on page 107.

It is quite interesting in that it shows that the annual increase in the number of families in the United States will not shrink materially in the next fifteen to twenty years. In the five years starting in 1950, the annual increase in the number of families is expected to be greater than it was in the five years starting in 1900.

YEAR	NON-FARM FAMILIES	FARM FAMILIES	TOTAL FAMILIES	ANNUAL INCREASE*
1900	10,025,000	5,951,000	15,976,000	360,000
1905	11,494,000	6,280,000	17,774,000	462,000
1910	13,477,000	6,608,000	20,085,000	436,000
1915	15,462,000	6,804,000	22,266,000	405,000
1920	17,529,000	6,762,000	24,291,000	577,000
1925	20,519,000	6,656,000	27,175,000	519,000
1930	23,028,000	6,740,000	29,768,000	412,000
1935	24,467,000	7,360,000	31,827,000	479,000
1940	-	-	34,221,000	474,000
1945	-	-	36,591,000	452,000
1950	-	-	38,850,000	405,000
1955	-	-	40,877,000	354,000
1960	-	-	42,649,000	-

*Average annual increase 5 year period beginning in year shown

ARE WE REACHING THE PEAK IN RESIDENTIAL BUILDING ?

L OWELL J. Chawner, Chief of the Division of Economic Research of the Bureau of Foreign and Domestic Commerce, Department of Commerce, prepared a monograph on residential building for the National Resources Committee which impressed us as being outstanding in its basic material, its treatment and its conclusions. As a part of that study were some tables and charts from which we have redrawn the chart opposite.

This chart shows the relationship each year in non-farm areas between the net increase in families and the net increase in dwelling units. On this chart the red bars show the annual increase in families and the black line the annual increase in dwelling units. Mr. Chawner's study went only through 1937. We have continued the chart to the present. The asterisk in the year 1935 indicates that no year by year estimates have been made of the increase in the number of families from 1935 to the present. Instead, an estimate has been used which represents the probable average annual increase in non-farm families from 1935 to 1940.

In the net increase of families in non-farm areas, considerable estimation was involved; in nearly all cases, however, based upon reliable quantitative data, such as census data, records of deaths, marriages, divorces, immigration and emigration, the real property inventory, and the various series of the Department of Agriculture.

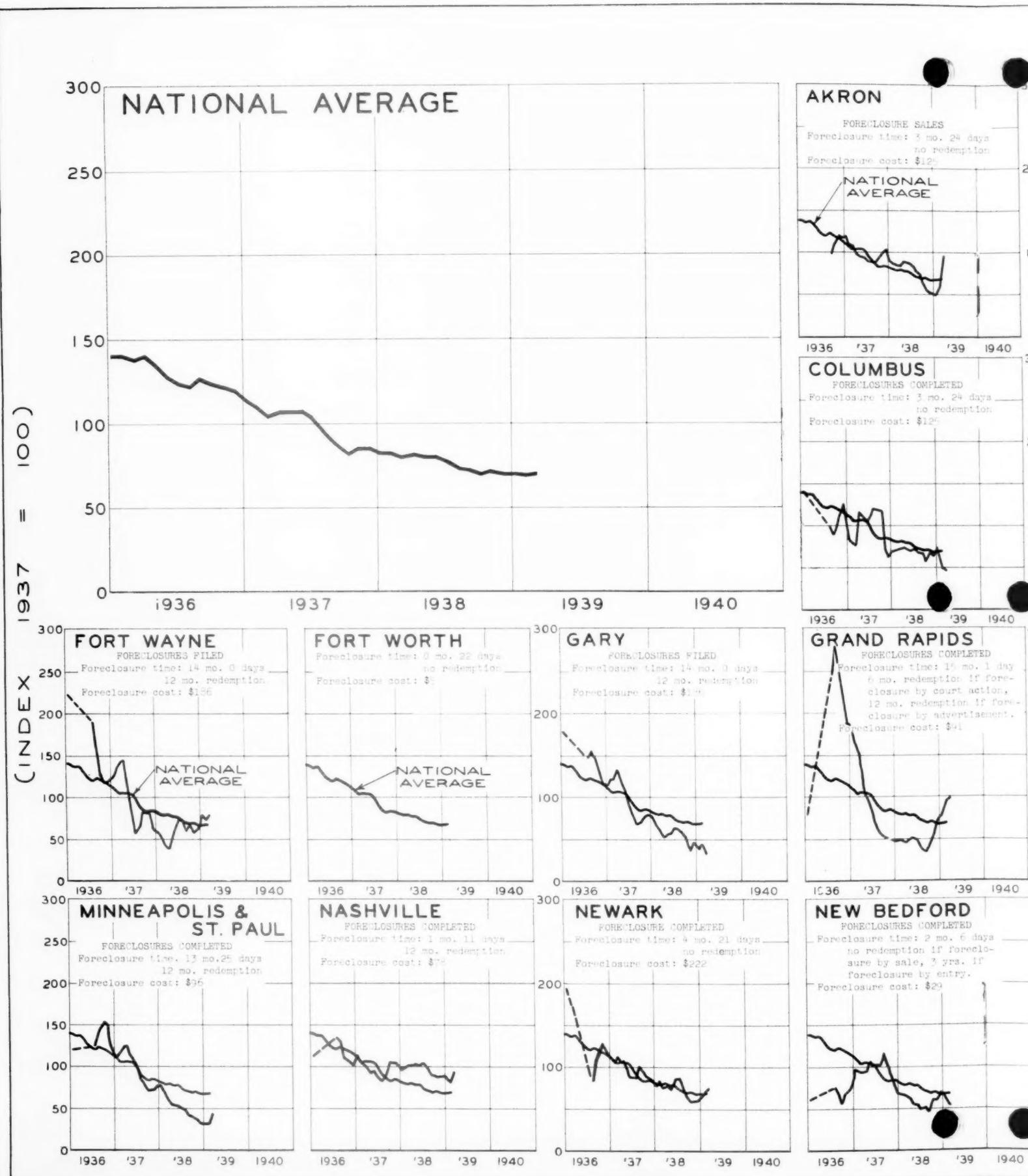
The figures which have been charted showing the net increase in available dwelling units takes into account demolitions, fire, flood and tornado losses, conversion of older single family dwellings into multi-family dwellings or stores and the number of new units built.

There are several interesting conclusions which can be drawn from this study.

In 1919 to 1922, the number of families increased much more rapidly than did the number of dwelling units. In 1923, the annual increase in new dwelling accommodations started to exceed the annual increase in non-farm families and this continued each year until 1933. Since 1933, we have developed a situation quite similar to the situation in 1919-1922. Each year has seen an increase in non-farm families greater than the increase in housing accommodations.

If we can judge the future by the past, new building should continue to increase for a number of years, eventually exceeding in its annual additions to our supply of units, the annual increases in the number of families.

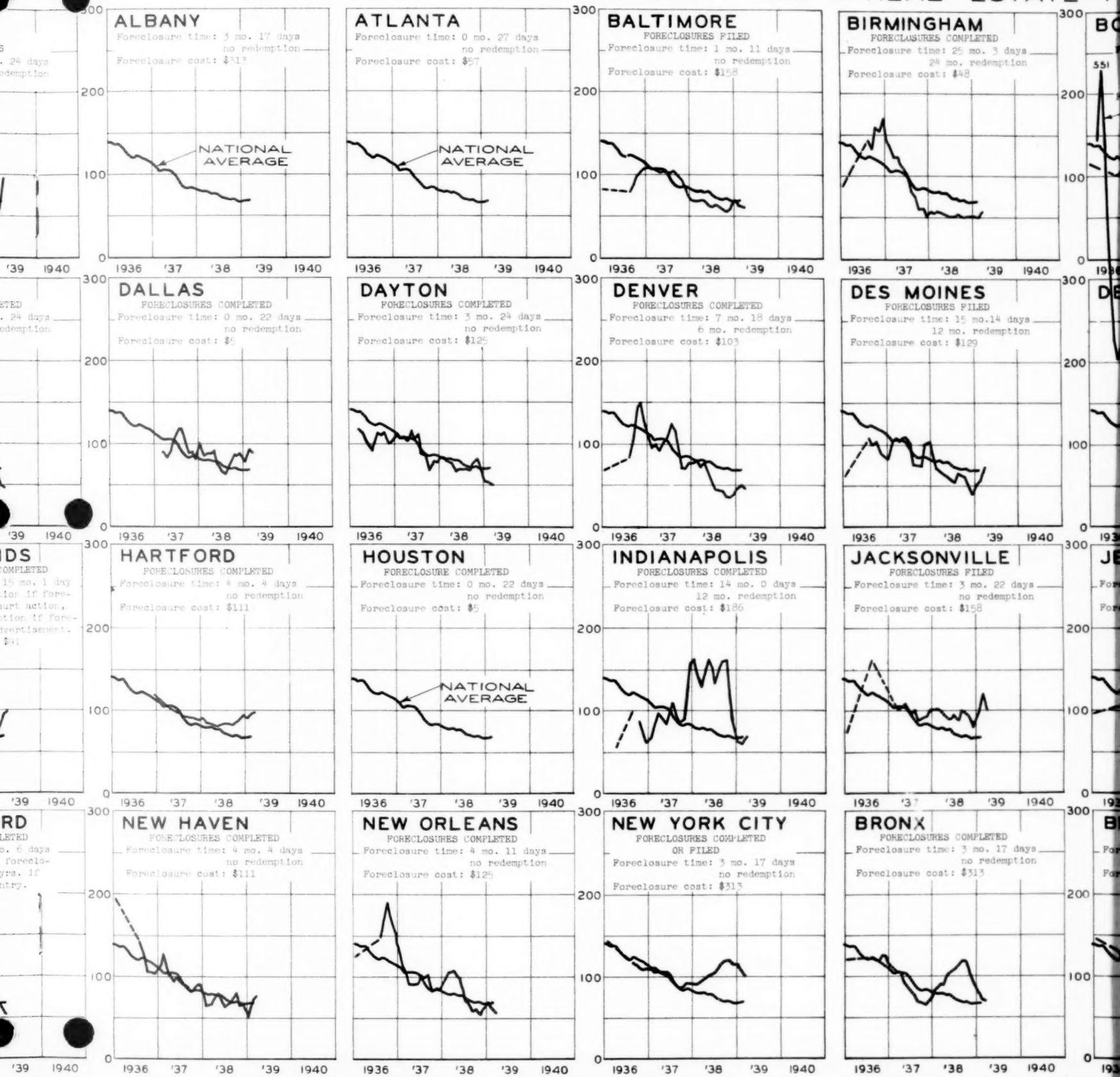
Until this happens the general trend of residential rents should be up, interrupted from time to time by periods of poor business. Clearly, we have not yet reached a peak in residential building, nor in our opinion will we for several years. It seems to us that the real peak will be reached some time in the middle forties.



FLUCTUATIONS IN THE FORECLOSURE

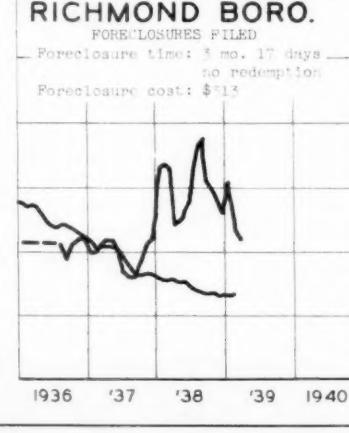
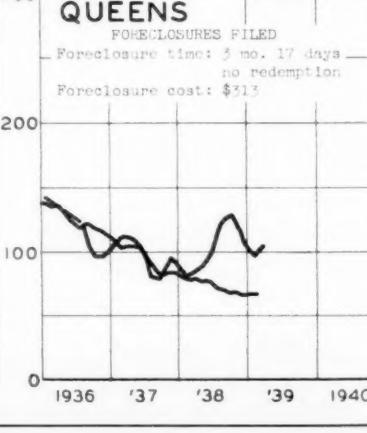
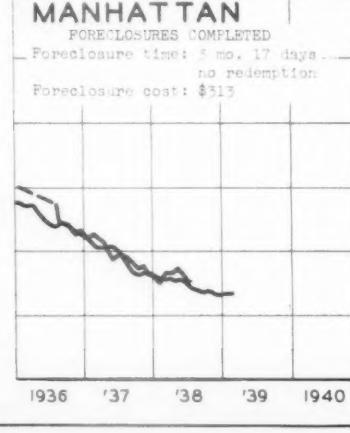
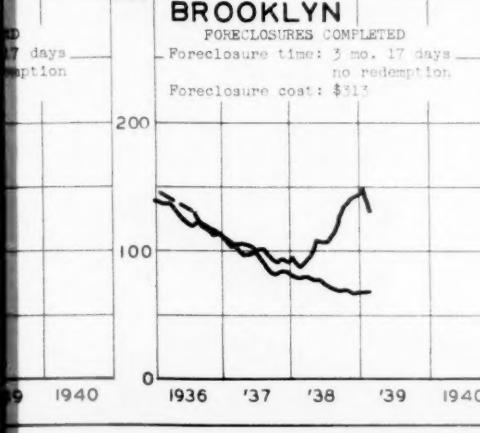
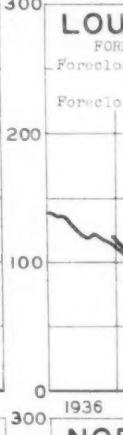
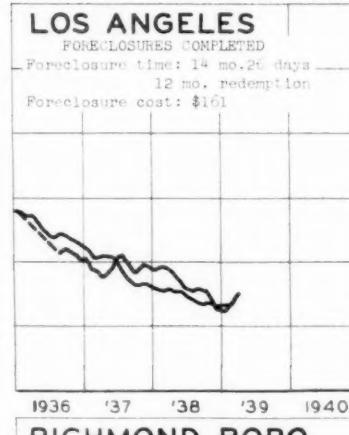
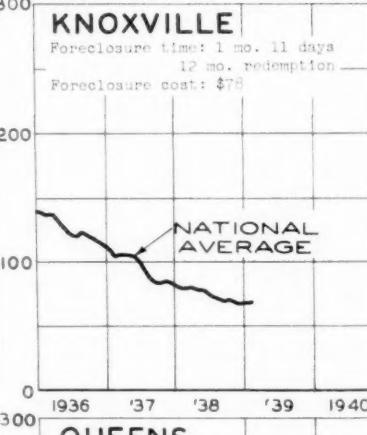
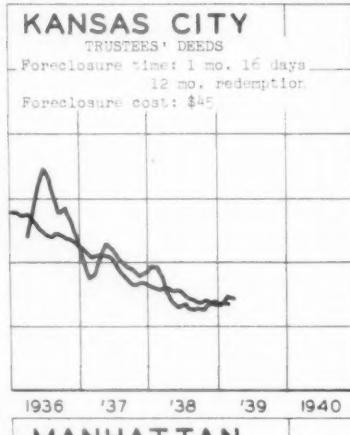
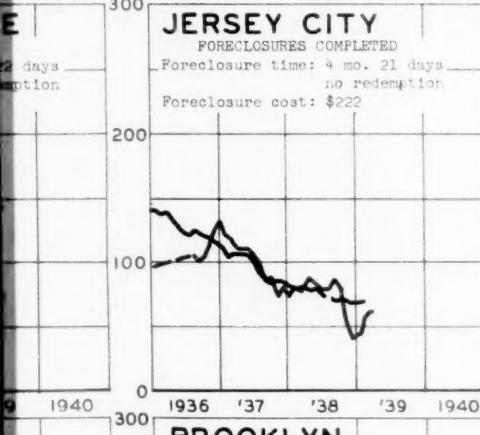
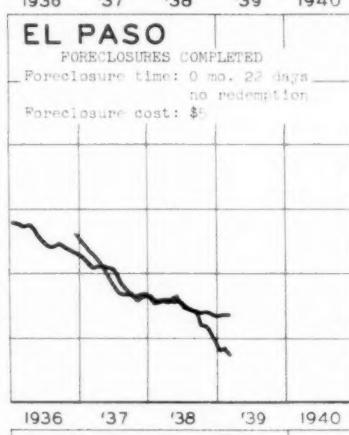
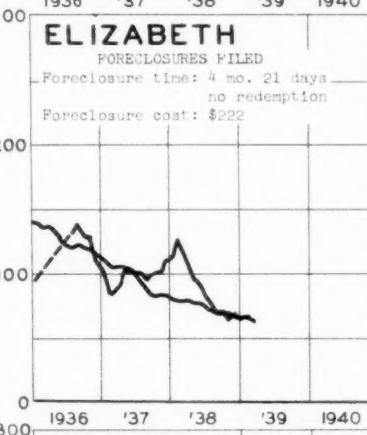
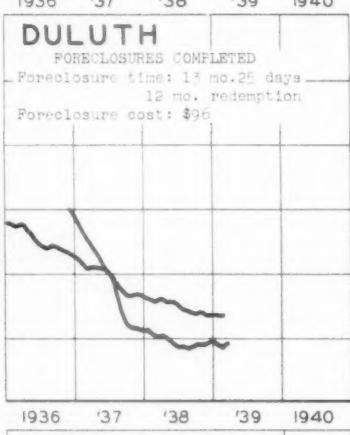
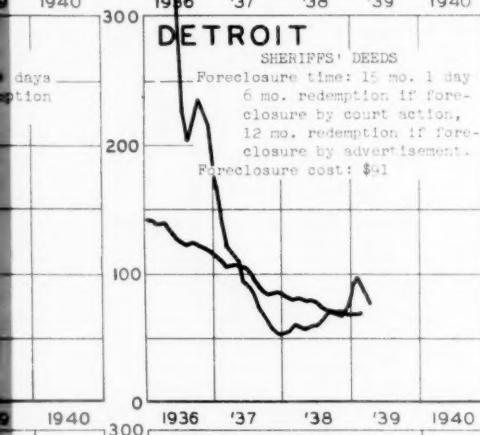
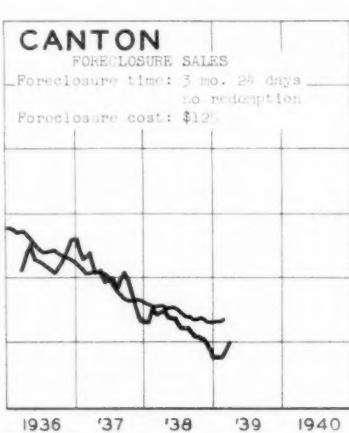
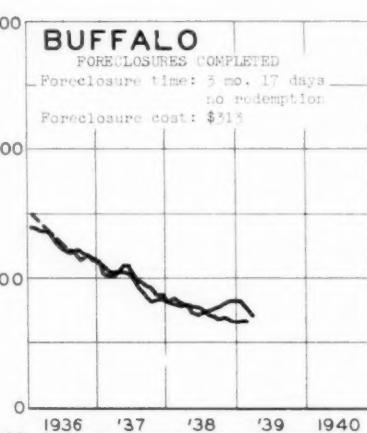
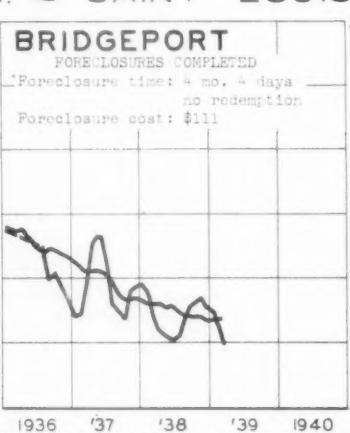
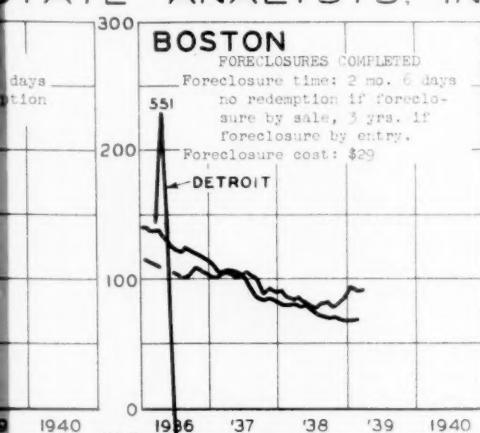
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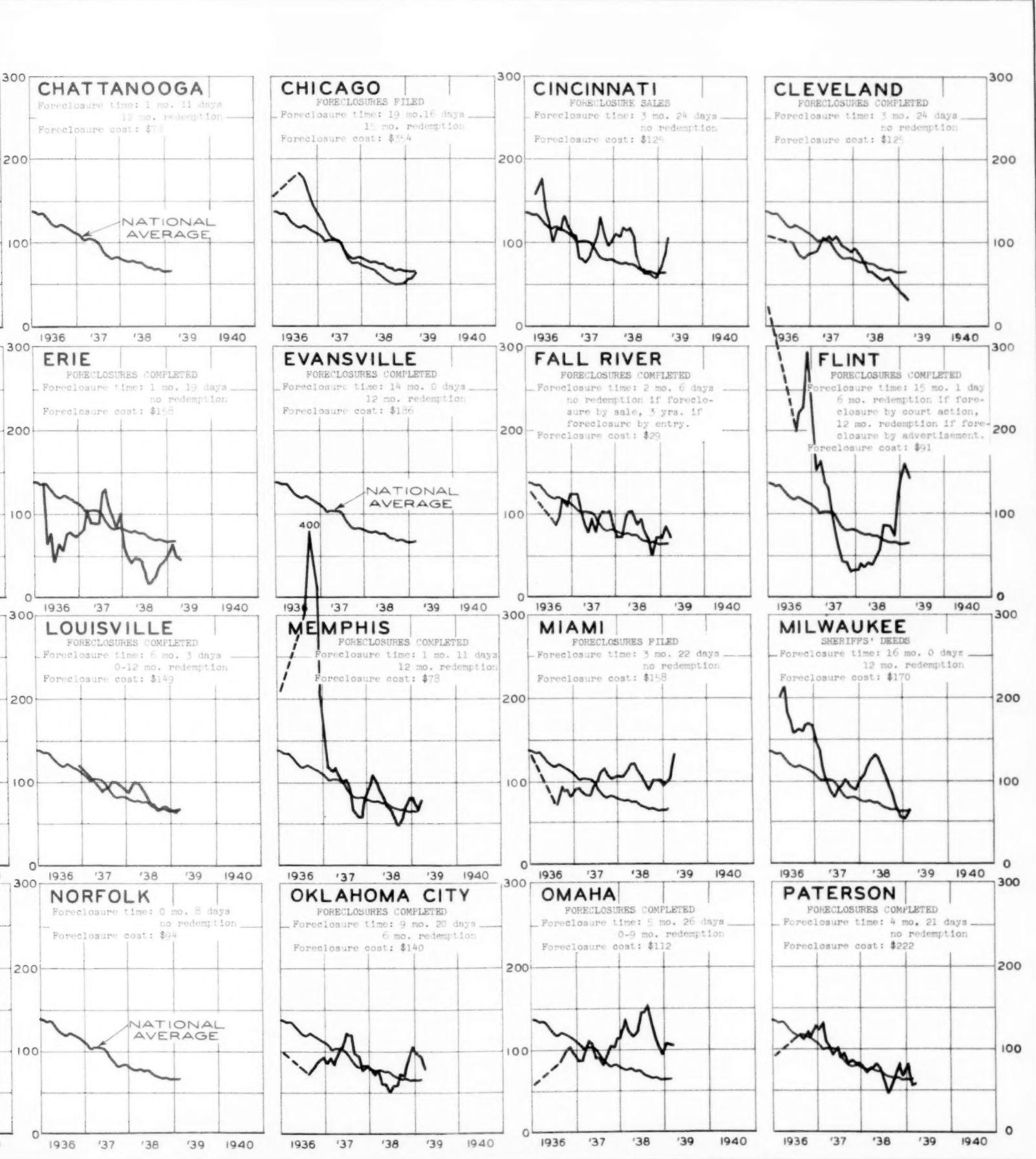
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LOSURE RATE BY PRINCIPAL CITIES

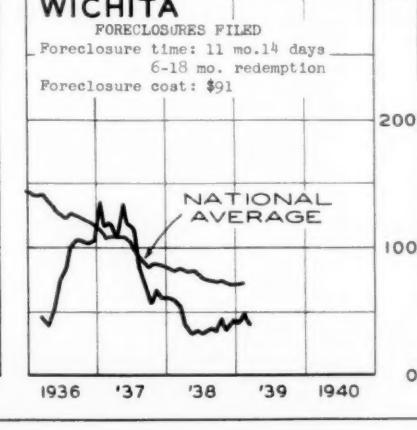
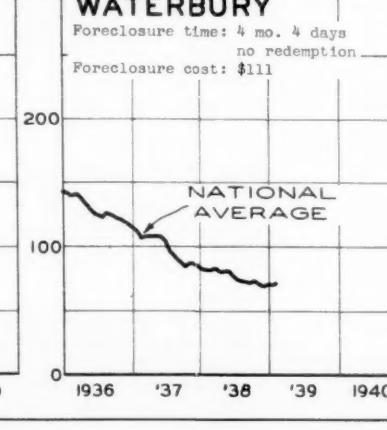
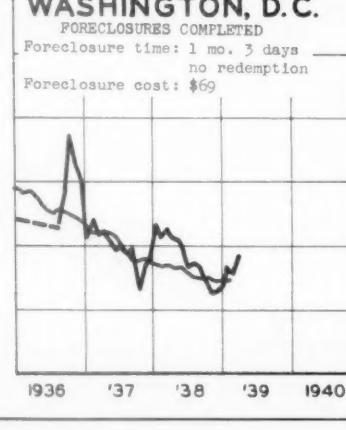
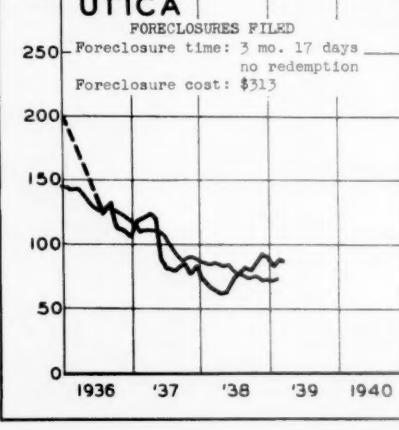
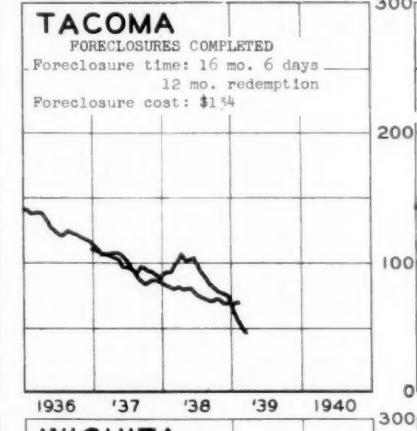
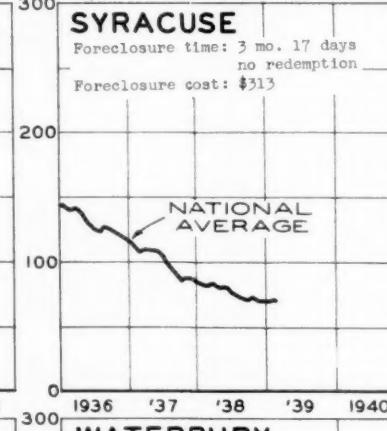
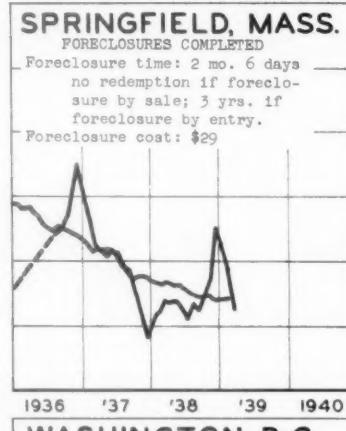
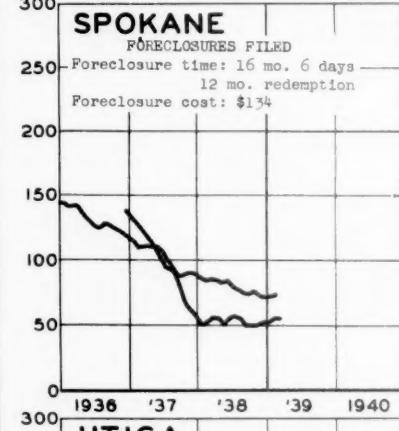
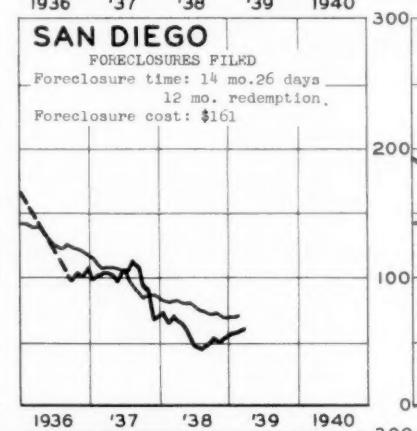
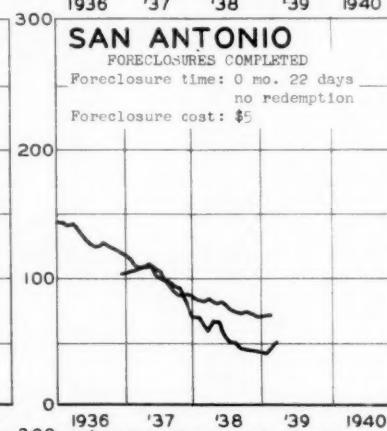
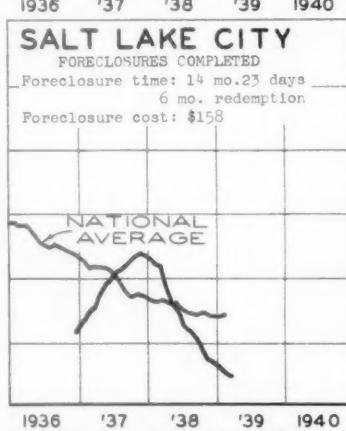
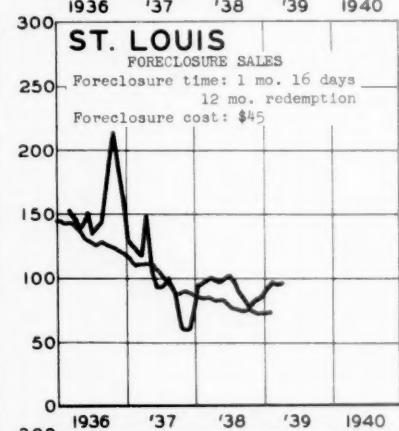
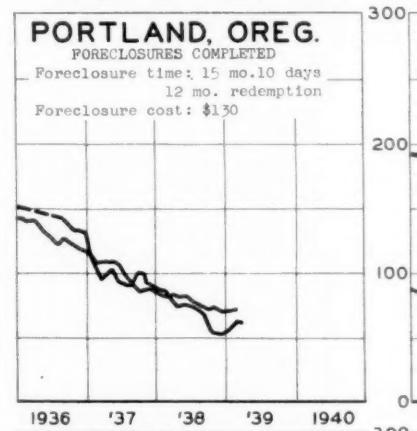
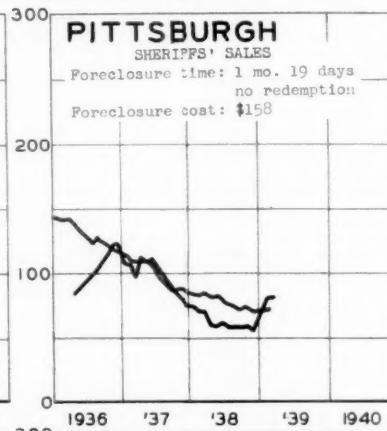
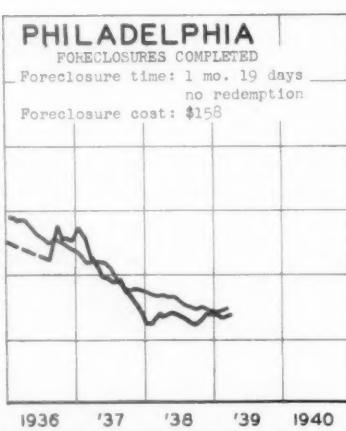
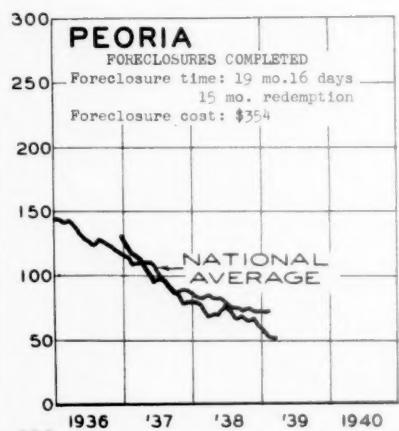
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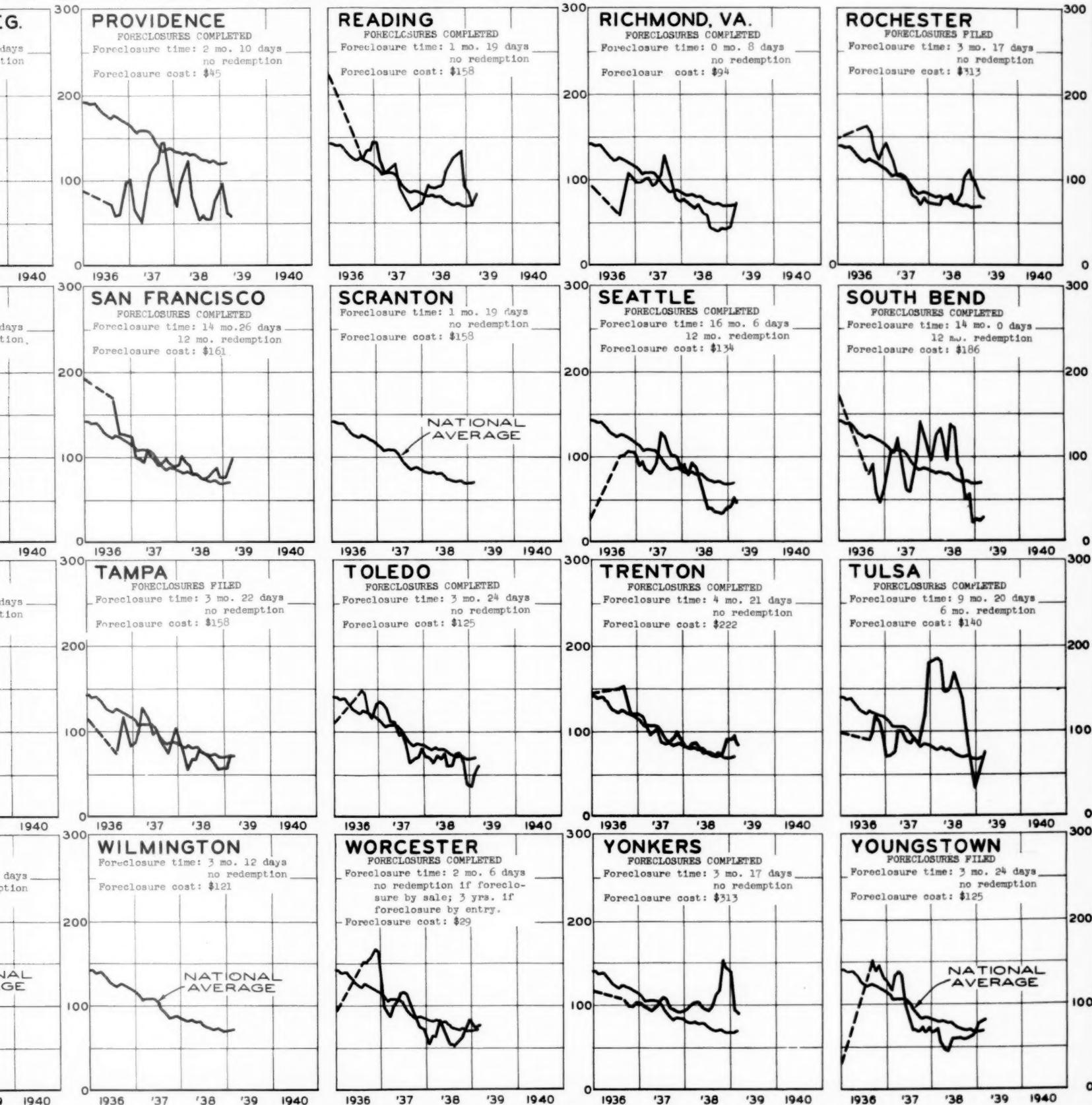
FLUCTUATIONS IN THE FORECLOSURE MARKET

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LOSURE RATE BY PRINCIPAL CITIES

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THE REAL ESTATE ANALYST INDEX OF RESIDENTIAL RENTS

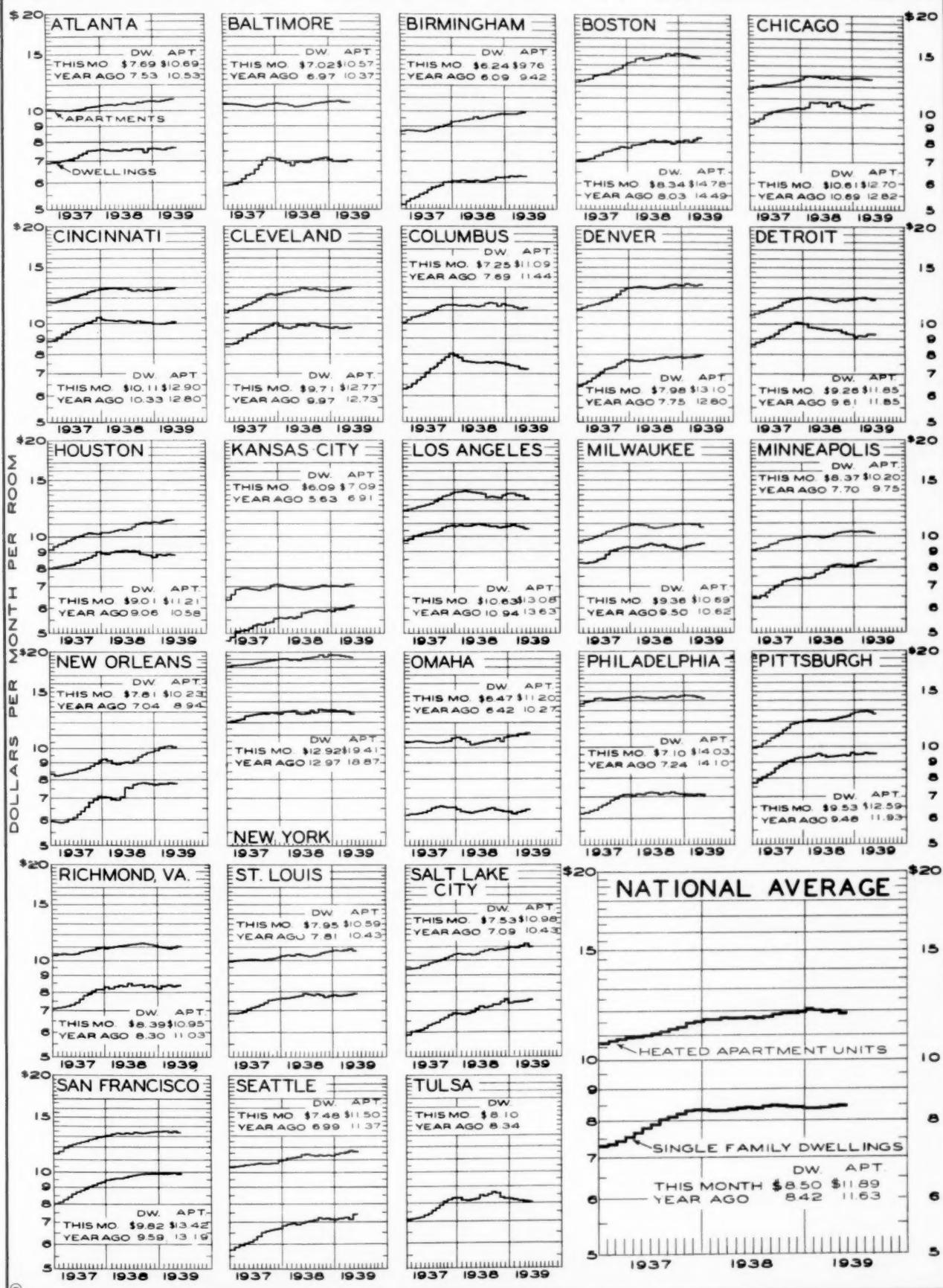
THE table below shows the residential rent figures charted by months on the page opposite. This is the revised index of residential rents which appeared in the Real Estate Analyst for the first time in the February issue. All rents are expressed in dollars per month per room. This makes possible a comparison of

rent levels between different cities, and in the same city between heated and unheated units. The twenty-six cities selected are typical cities scattered from coast to coast. The method of computing this index is described on page 889 in the February, 1938, Real Estate Analyst.

SINGLE FAMILY DWELLINGS

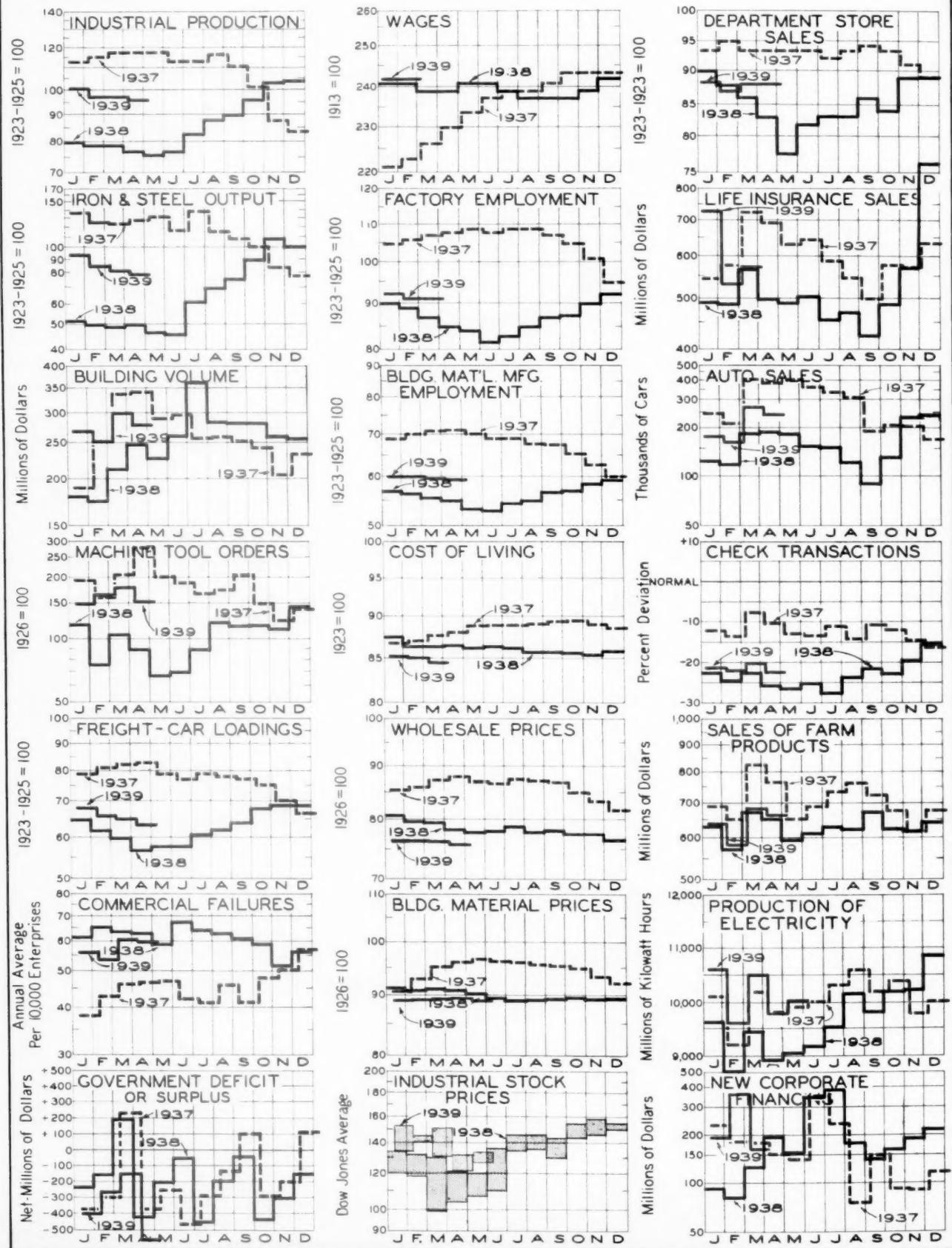
	1938												1939												
	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May									
National Index	\$8.35	\$8.35	\$8.37	\$8.42	\$8.47	\$8.45	\$8.50	\$8.52	\$8.50	\$8.46	\$8.46	\$8.43	\$8.43	\$8.45	\$8.47	\$8.50									
Atlanta	7.56	7.53	7.53	7.53	7.63	7.55	7.64	7.64	7.49	7.66	7.67	7.64	7.61	7.65	7.69										
Baltimore	6.98	6.90	6.77	6.97	6.98	6.96	6.96	7.03	7.05	7.06	7.14	7.02	6.99	6.99	6.99	7.02									
Birmingham	6.08	6.14	6.09	6.09	6.11	6.06	6.08	6.10	6.15	6.25	6.25	6.25	6.28	6.24	6.25	6.24									
Boston	7.91	7.93	7.95	8.03	8.18	8.08	8.08	8.20	8.09	7.93	8.08	8.09	8.10	8.04	8.20	8.34									
Chicago	10.43	10.69	10.67	10.69	10.67	10.48	10.72	10.73	10.56	10.42	10.38	10.37	10.42	10.59	10.62	10.61									
Cincinnati	10.34	10.29	10.27	10.33	10.28	10.25	10.22	10.28	10.22	10.14	10.10	10.03	10.03	10.01	10.07	10.11									
Cleveland	9.74	9.72	9.86	9.97	9.97	9.95	10.02	10.02	9.90	9.83	9.70	9.65	9.67	9.65	9.65	9.71									
Columbus	7.85	7.71	7.70	7.69	7.64	7.64	7.69	7.65	7.66	7.58	7.52	7.46	7.41	7.39	7.26	7.25									
Denver	7.69	7.70	7.71	7.75	7.75	7.80	7.85	7.87	7.86	7.87	7.90	7.88	7.90	7.92	7.95	7.98									
Detroit	9.85	9.75	9.72	9.61	9.58	9.52	9.57	9.53	9.45	9.32	9.30	9.15	9.19	9.17	9.26	9.26									
Houston	8.96	9.03	9.06	9.06	9.11	9.08	9.11	9.08	8.95	8.87	8.86	8.70	8.93	8.90	9.08	9.01									
Kansas City	5.60	5.62	5.61	5.63	5.80	5.81	5.85	5.90	5.88	5.86	5.90	5.86	5.94	5.95	6.03	6.09									
Los Angeles	10.89	10.87	10.87	10.94	11.00	10.92	10.87	10.80	10.80	10.72	10.73	10.80	10.81	10.79	10.75	10.63									
Milwaukee	9.26	9.31	9.41	9.50	9.42	9.38	9.41	9.33	9.28	9.22	9.16	9.20	9.24	9.27	9.31	9.36									
Minneapolis	7.41	7.47	7.64	7.70	7.86	8.04	8.13	8.14	8.11	8.07	8.10	8.10	8.19	8.27	8.34	8.37									
New Orleans	7.04	6.98	6.92	7.04	7.57	7.55	7.78	7.85	7.90	7.87	7.84	7.78	7.80	7.80	7.88	7.81									
New York	13.01	13.02	13.05	12.97	12.87	12.98	13.15	13.00	13.33	13.23	13.19	13.17	13.14	13.15	13.01	12.92									
Omaha	6.42	6.40	6.36	6.42	6.47	6.48	6.50	6.53	6.47	6.41	6.36	6.36	6.25	6.33	6.38	6.47									
Philadelphia	7.14	7.12	7.22	7.24	7.22	7.14	7.22	7.22	7.28	7.24	7.22	7.20	7.17	7.11	7.14	7.10									
Pittsburgh	9.33	9.45	9.51	9.48	9.36	9.37	9.40	9.44	9.48	9.46	9.58	9.51	9.51	9.58	9.53	9.53									
Richmond	8.25	8.30	8.39	8.30	8.50	8.37	8.40	8.41	8.36	8.40	8.33	8.22	8.36	8.37	8.35	8.39									
Saint Louis	7.64	7.70	7.73	7.81	7.92	7.91	7.86	7.90	7.86	7.76	7.78	7.80	7.75	7.78	7.86	7.95									
Salt Lake City	6.91	6.92	6.99	7.09	7.28	7.19	7.27	7.30	7.30	7.47	7.58	7.37	7.38	7.39	7.41	7.53									
San Francisco	9.52	9.55	9.55	9.59	9.71	9.73	9.77	9.80	9.80	9.80	9.80	9.83	9.85	9.86	9.95	9.82									
Seattle	6.94	6.95	6.90	6.99	7.01	7.06	7.12	7.25	7.22	7.24	7.22	7.20	7.22	7.28	7.13	7.48									
Tulsa	8.24	8.23	8.27	8.34	8.50	8.44	8.53	8.69	8.65	8.40	8.32	8.30	8.20	8.17	8.12	8.10									
National Index	11.58	11.67	11.63	11.63	11.65	11.64	11.67	11.80	11.82	11.82	11.88	12.00	11.92	11.89	11.92	11.89									
Atlanta	10.52	10.53	10.50	10.53	10.60	10.52	10.57	10.62	10.60	10.65	10.68	10.70	10.65	10.67	10.68	10.69									
Baltimore	10.52	10.51	10.43	10.37	10.38	10.40	10.43	10.53	10.55	10.60	10.62	10.62	10.62	10.63	10.60	10.57									
Birmingham	9.33	9.35	9.41	9.42	9.55	9.48	9.51	9.58	9.65	9.68	9.70	9.70	9.70	9.70	9.73	9.76									
Boston	14.35	14.52	14.62	14.49	14.53	14.55	14.62	14.81	15.07	14.99	15.15	15.11	15.00	14.91	14.80	14.78									
Chicago	12.81	12.90	12.83	12.82	12.71	12.82	12.77	12.78	12.71	12.71	12.61	12.72	12.87	12.82	12.75	12.70									
Cincinnati	12.73	12.82	12.81	12.80	12.85	12.77	12.74	12.83	12.73	12.75	12.71	12.81	12.83	12.84	12.85	12.90									
Cleveland	12.50	12.54	12.62	12.73	12.95	12.80	12.78	12.82	12.73	12.66	12.51	12.58	12.60	12.73	12.75	12.77									
Columbus	11.45	11.45	11.48	11.44	11.42	11.48	11.58	11.61	11.51	11.35	11.50	11.32	11.21	11.15	11.03	11.09									
Denver	12.89	12.90	12.93	12.80	12.78	12.82	12.88	13.10	13.20	13.23	13.21	13.22	13.22	13.22	13.17	13.05	13.10								
Detroit	12.00	11.98	11.89	11.85	11.75	11.69	11.57	11.75	11.78	11.75	11.77	11.80	11.90	11.92	11.90	11.85									
Houston	10.37	10.48	10.55	10.58	10.50	10.58	10.70	11.00	11.03	11.15	11.09	11.11	11.07	11.12	11.20	11.21									
Kansas City	6.98	6.97	6.93	6.91	6.80	6.87	6.90	6.95	7.00	7.04	6.99	7.00	7.00	6.99	7.08	7.09									
Los Angeles	13.77	13.80	13.70	13.63	13.56	13.48	13.33	13.38	13.27	13.24	13.40	13.56	13.57	13.37	13.24	13.08									
Milwaukee	10.77	10.72	10.71	10.62	10.53	10.54	10.58	10.65	10.70	10.72	10.80	10.81	10.82	10.82	10.75	10.69									
Minneapolis	9.84	9.82	9.75	9.80	9.92	10.01	10.14	10.19	10.20	10.29	10.26	10.26	10.26	10.26	10.22	10.20									
New Orleans	9.08	8.88	8.78	8.94	9.00	8.95	9.16	9.40	9.51	9.64	9.65	9.91	10.10	10.18	10.29	10.23									
New York	19.00	18.87	18.91	18.87	19.02	19.10	19.20	19.40	19.53	19.25	19.57	19.53	19.52	19.49	19.47	19.41									
Omaha	10.52	10.38	10.19	10.27	10.33	10.40	10.46	10.49	10.62	10.41	10.77	10.82	10.89	10.98	10.98	11.20									
Philadelphia	14.27	14.25	14.22	14.10	14.05	14.20	14.16	14.23	14.25	14.20	14.27	14.36	14.31	14.21	14.14	14.03									
Pittsburgh	11.98	11.98	11.93	11.93	11.94	12.00	12.05	12.20	12.28	12.39	12.50	12.72	12.73	12.77	12.73	12.59									
Richmond	10.97	10.98	11.00	11.03	11.08	11.11	11.18	11.20	11.17	11.15	11.03	11.00	10.88	10.85	10.90	10.95									
Saint Louis	10.41	10.40	10.48	10.43	10.34	10.30	10.32	10.41	10.49	10.52	10.60	10.65	10.63	10.65	10.66	10.59									
Salt Lake City	10.33	10.38	10.31	10.43	10.50	10.59	10.69	10.67	10.68	10.69															

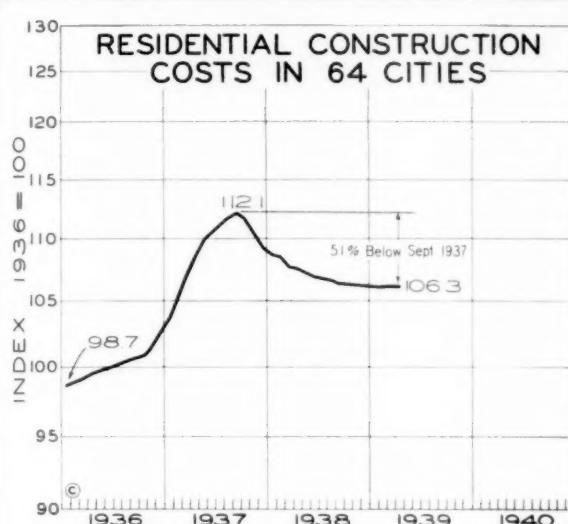
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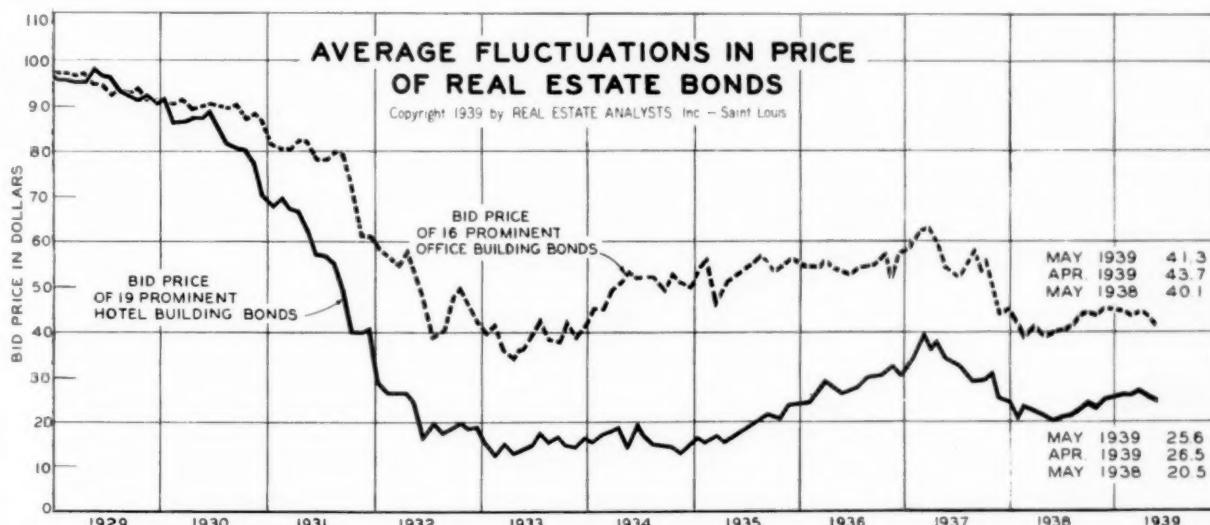
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the building permit, financing costs or sales cost.

The last complete month on which all figures are available is April. It will be noticed that costs are 5.1% below the high of September, 1937, and that they have shown very little change in the past six months.



THE chart above shows the average fluctuations in the bid prices of office and hotel building bonds. After a rise from the lows of last spring, these indexes went sideways, but during the recent past have settled slightly. The buildings used are only those on which quotations can be secured monthly. The office building list includes the following: Broadway Motors, Bryant Park, Bush Terminal, Carbide and Carbon, Chesebrough, Chrysler, Cleveland Terminal, Equitable (N.Y.), Graybar, Grant, Liggett, One LaSalle Street, Postum, Textile, Wanamaker (Phila.), Woodbridge. The hotel list includes the following: Bowman-Biltmore, Eastern Ambassador Hotel, Eppley Hotels, George Washington Hotels, Hotel Lexington, Hotel Sherman, Hotel St. George, LaSalle Hotel, Lord Baltimore, National Hotel of Cuba, Palace Hotel (San Francisco), Park Central Hotel, Pitts Hotel, Savoy-Plaza, Sevilla-Biltmore, Sherry-Netherland, Stevens Hotel, Waldorf-Astoria.

THE chart to the left shows the monthly fluctuations in the cost of building a six room frame residence averaged for sixty-four of the principal cities of the United States.

This index is computed from cost figures accumulated by the local field men of the construction division of the Home Owners' Loan Corporation. It includes one hundred and ten material items and nine major labor items. It also includes compensation insurance, general overhead and 10% for contractor's profit. It does not include architect's fees, the cost of